

C 61.11: N 38/2/1990

Correction 90-268P

US P90-0157

US



Foreign Economic Trends and Their Implications for the United States

FEBRUARY 1990

NETHERLANDS ANTILLES

FET 90-16

Frequency: Annual

Supersedes: 88-71

PREPARED BY
CONSULATE GENERAL WILLEMSTAD, CURACAO



U.S. DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

Available by subscription from the Superintendent of Documents, GPO, Washington, D.C. 21402. Annual subscription, \$55.00. Foreign mailing \$13.75 additional. Single copies, \$1.00, available from Publications Sales Branch, Room 1617, U.S. Department of Commerce, Washington, D.C. 20230.

FET

READER
FICHE

best copy available

KFY ECONOMIC INDICATORS
(Values estimated in millions of US dollars unless stated)

<u>Income, Production, Employment</u>	<u>1988</u>
Gross National Product	1,000
Per capita income (US\$)	5,300
Population (thousands)	188,000
Labor Force (thousands)	65,000
Employed (thousands)	48,000
Unemployed (thousands)	17,000
Minimum Wages (US dollars per month)	
Construction	518
Banks, Hotels, Restaurants	385
Commercial Employees	333
Domestic Services	160

Money and Prices

	<u>1987</u>	<u>1988</u>
Money Supply	790	868
Money	340	352
Near-Money	450	516
Consumer Price Index	105.6	107.7

Balance of Trade for Bonaire and Curacao

	<u>1986</u>	<u>1987</u>
Total Exports (FOB)	924	1322
Total Imports (CIF)	1120	1518
Balance of Trade	-196	-196
Total Non-oil Exports	43	63
Total Non-oil Imports	395	457
Balance on Non-oil Trade	-352	-394

Trade with United States

	<u>1987</u>	<u>1988</u>
Total Exports to U.S. (CIF)	479	408
Petroleum Exports	457(est.)	---
Imports from U.S. (FAS)	487	411

Tourism

<u>Stay-over Visitors (1000)</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
St. Maarten	439	496	526
Curacao	128	134	155
Bonaire	27	30	34
<u>Cruise Ship Calls (each)</u>			
St. Maarten	360	452	478
Curacao	182	158	204
Bonaire	6	22	28

Curacao's Isla Oil Refinery

Capacity	300,000 barrels per day
Production (avg. 1st half 1987)	160,000 barrels per day
Markets (first half 1986)	
Latin America	37 percent
United States	34 percent
Europe	15 percent
Other	14 percent

SUMMARY*

The Netherlands Antilles consists of five diverse Caribbean islands -- Curacao, St. Maarten, Bonaire, St. Eustatius, and Saba. Tourism, petroleum refining, and offshore financing are the mainstays of the economy.

The islands are self-governing component of the Kingdom of the Netherlands. The Kingdom maintains responsibility for foreign policy and defense and provides economic assistance. No date has been established for independence of the Netherlands Antilles.

The Antilles enjoyed a comparatively high per capita income of US\$5,300 in 1988, which, although down from a peak of US\$9,140 in 1984, exceeds the per capita income of nations such as Greece and Portugal. The islands' high standard of living is sustained largely through subsidies provided by the Government of the Netherlands. Total outstanding debt to The Hague reached 516 million Florin (US\$288.3 million) in 1986.

All five islands of the Netherlands Antilles have well-developed infrastructure compared to other countries in the region. The population is well-educated and multilingual. English is spoken widely. The currency is pegged to the U.S. dollar at 1.79 Florins to the dollar. Inflation consequently mirrors trends in the United States. Unlike many Latin American countries, the Antilles has avoided large international debts. International reserves stood at 291 million dollars at the end of the second quarter of 1988.

Almost all consumer and capital goods are imported, and the United States is the islands' major supplier. Local manufacturing and agricultural production has been limited by a lack of natural resources, and arid climate, high wages, and high utility and transportation costs. Social benefits follow the Dutch model, and a law requires government approval before the dismissal of permanent employees. As an associate member of the European Economic Community, and a participant in the Caribbean Basin Initiative (CBI), goods of Antillean origin have preferential access to both the EEC and the U.S. market.

CURRENT ECONOMIC SITUATION AND TRENDS

A revival of the Curacao economy (the largest in the Netherlands Antilles) has come at a time of increasing austerity in the public sector. The downturn in the oil market early in this decade hurt most sectors of the Curacao economy. The past year, however, showed growth in oil refining, oil transshipment, tourism, and ship repair. For example, the weight of cargo imported through the harbor grew by 20 percent in 1988 to 365,000 tons.

At the same time, the public sector continued to be strapped for funds. The result was a substantial deficit and cutbacks in government employment and services. The profits tax on Curacao's offshore financial sector at one time provided 40 percent of the

This report was prepared in July 1989.

government revenues. Profits tax revenues are projected to decline from almost \$200 million in 1985 to under \$100 million in 1989, and the outlook is for increasing public sector austerity. The central and Curacao governments decreased costs by \$2.8 million in 1988, but expect to reduce expenses by \$40 million in 1989 and \$75 million in 1990.

Curacao (Pop. 151,000)

Curacao is the largest of the five islands. It is located about 40 miles off the north coast of Venezuela in the Caribbean Sea. Curacao is the capital of the Netherlands Antilles and the site of a Dutch military base. There are daily air connections with the United States and frequent and direct connections with Europe, as well as the North, Central and South America and the other Caribbean islands. Curacao has a modern and diversified economy, anchored by an oil refinery with a capacity of 362,000 barrels per day. Now operated by the Venezuelan Petroleum company, the refinery is by far the largest single source of income for Curacao.

Tourism has been reviving from a small base. The island's first new hotel in almost 20 years opened in 1988, and groundbreaking for a new Sonesta Hotel is scheduled for August 1989. Another important employer and foreign exchange earner is the Curacao Dry Dock Company for ships up to 120,000 DWT. Curacao also has a well-equipped container port, a modern airport, a relatively large freezone, excellent telecommunications, and an active offshore financial sector.

St. Maarten (Pop. 25,000)

St. Maarten is the tourism and trade center of the three Windward islands, about 500 miles to the northeast of Curacao. The northern portion of the island is part of France and is called St. Martin. St. Maarten is enjoying an economic boom based on tourism. As a result the island has no unemployment and is attracting illegal workers. Local authorities enjoy substantial autonomy. St. Maarten features excellent resort hotels on both the Dutch and French part of the island, and daily air connections with the United States and other islands in the Caribbean. All three Windward islands are free ports with no customs duties. Protectionist measures which apply on Curacao and Bonaire do not extend to the Windward islands.

St. Eustatius (Pop. 1500) and Saba (Pop. 1000)

St. Eustatius and Saba are the smallest islands of the Netherlands Antilles. The government is the major employer on both islands. St. Eustatius (or Statia) has an oil transshipment terminal in addition to its domestic trade and tourism. Saba has a small handicraft industry. Both islands attract short-stay tourists from St. Maarten. Connection with St. Maarten is by air, and there is also daily services carried out by a fast boat, leading to an increase of one-day tourism.

OPPORTUNITIES FOR U.S. BUSINESS

Tourism: The Antilles offers opportunities for investment in new or existing hotels, as well as supplying goods and services to the tourist industry. On Curacao, for example, most hotels are now owned by a government holding company, which is renovating them and also looking for private investors to purchase the properties.

International Trade Center: Curacao's international trade center opened in 1988. The center is housed in a 150,000 square foot building and is composed of an auditorium, a two-story trade mart, an exhibition hall and a four-story office center. The trade center is designed to provide modern facilities for trade shows, conferences, meetings and conventions, and also to take advantage of Curacao's connections with the markets of Europe, Latin America and North America.

Manufacturing: Manufacturing represents an average of only 7 percent of the Gross Domestic Product of the Netherlands Antilles. Goods of Netherlands Antilles origin enjoy preferential access to both the United States and the European Economic Community. At the beginning of this year, a U.S. firm signed a \$1.4 million joint venture contract with a Curacao company to manufacture nails for the U.S. market. The Antillean Government protects some locally manufactured goods against foreign competition in Curacao and Bonaire, but there are indications that the current government plans to gradually eliminate the protectionist measures.

Merchandise Sales: The outlook for U.S. exports to the Netherlands Antilles continues favorable and will be enhanced by the projected construction of several new hotels. The Antilles also resells U.S. goods to other countries in the region, especially through the Curacao free zone which is currently operating at full capacity. Another free zone is planned for the Curacao International Airport. Price increases in nearby Venezuela should make U.S. goods even more competitive.

Let Us Be Your Guide . . .

Commerce Publications Update

... to the latest publications and press releases on business, the economy, trade, census trends, scientific and technical developments, and related topics from the U.S. Department of Commerce.

Every 2 weeks, *Commerce Publications Update* lists dozens of new titles from the International Trade Administration, Census Bureau, National Bureau of Standards, National Oceanic and Atmospheric Administration, and other areas of the Department. Each listing includes number of pages, price, and complete ordering information and—in the case of major reports—a brief description of the contents.

Begin now to take advantage of this easy-to-use guide to a broad range of Government information.

Enter your subscription to the *Commerce Publications Update* by completing and mailing the order form below, today.



Superintendent of Documents Subscriptions Order Form

Order Processing Code

* 6370

Charge your order.
It's easy!



☐ **YES**, please send me the following indicated subscriptions:

You can fax your order to (202) 275-0019.

Subscriptions of **COMMERCE PUBLICATIONS UPDATE**, for \$21.00 each per year.

1. The total cost of my order is \$ _____. All prices include regular domestic postage and handling and are subject to change. International customers please add 25%.

Please Type or Print

2. _____
(Company or personal name)

(Additional address/attention line)

(Street address)

(City, State, ZIP Code)

()

(Daytime phone including area code)

3. Please choose method of payment:

☐ Check payable to the Superintendent of Documents

☐ GPO Deposit Account ☐

☐ VISA or MasterCard Account

☐

(Credit card expiration date)

Thank you for your order!

(Signature)

4. Mail To: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402-9371

12/89



1990 U.S. INDUSTRIAL OUTLOOK!

- **Unique, objective analyses and projections – in plain English.**

"Excellent publication! I always look forward to it, especially the detailed 3- and 4-digit SIC forecasts and analyses."

— Richard Karn, Economist, CSX Transportation, Baltimore, Maryland.

"We use it a lot to find out what kinds of skills will be in demand in the next 5-10 years, and what kinds of training people with disabilities will need."

- Cathy Lorber, PhD, Center for the Rehabilitation and Training of Persons with Disabilities, Chicago, Illinois.

"We really use it! The OUTLOOK's near-term predictions help us assess the needs of our client firms."

- Mark M. Sweeney, Manager of Research, Siting and Consulting Services, Fluor Daniel, Greenville, South Carolina.

Fill Out the Form Below to Order Your Copy of the Popular and Practical U.S. INDUSTRIAL OUTLOOK Now for Only \$27!

The 1990 edition is also available on microfiche and machine-readable magnetic tape or diskette through the National Technical Information Service Federal Computer Products Center. Call 703-487-4673 for information.

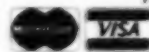
Superintendent of Documents Publications Order Form

Order Processing Code

* 6758

☐ **YES**, please send me the following indicated publications:

**Charge your order.
It's easy!**



To fax your orders and inquiries — (202) 275-0019

Copies of the 1990 U.S. INDUSTRIAL OUTLOOK, S/N003-009-00562-1 at \$27.00 each.

☐ Please send me your **Free Catalog** of hundreds of bestselling Government books.

The total cost of my order is \$_____. (International customers please add 25%.) Prices include regular domestic postage and handling and are good through 6/90. After this date, please call Order and Information Desk at 202-783-3238 to verify prices.

Please Choose Method of Payment:

- ☐ Check payable to the Superintendent of Documents
☐ GPO Deposit Account -
☐ VISA or MasterCard Account

Thank you for your order!

(Company or personal name) (Please type or print)

(Additional address/attention line)

(Street address)

(City, State, ZIP Code)

()
(Daytime phone including area code)

(Credit card expiration date)

(Signature)

Mail To: Superintendent of Documents, Government Printing Office, Washington, DC 20402-9325